

Name _____

Date _____



Supply & Demand

How Supply & Demand Affect Price

Alright, have you ever noticed how Halloween candy is always on sale the week after Halloween? Or, like, when there's a cool new thing that everyone wants, sometimes it's really expensive? Why is that? It's because of supply and demand. Here, let me explain.

You're a consumer; you like to buy things

Like, video games, sneakers and ice cream.

These things people make or grow,

They're called goods, a term that you need to know.

When people work for others, it's called a service

Like, a doctor or bus driver for instance.

But goods and services don't fall from the sky,

The amount available for sale, that's called supply.

And demand is how much of a service or good

People want to buy, OK, that's understood?

Like, when Halloween is coming up,

You go to the store to buy peanut butter cups.

If there's a lot of candy available, the supply is high.

But what if there's not that much candy in sight?

In that case, the supply is low.

Seems like everyone wants candy, so

That means the demand is high, though

If they don't want to buy candy, the demand would be low.

Now, we understand the flow,

And the law of supply and demand, it goes:

How much is available, that's supply!

And demand? How much people want to buy!
Supply and demand work hand in hand
To raise and lower the price of things, understand?
(x2)

It's the day before Halloween, lots of trick-or-treaters.
You need to go shopping for all the candy eaters.
The store is crowded and everyone has masks.
In the candy aisle, you look at the price and gasp,
Peanut butter cups are \$8 a bag!
Normally, they cost less than half!
Why is the candy so expensive?
Supply and demand are teaching us a lesson,
Because everyone wants bags of candy to buy,
And that means the demand is high.
Lots of people are buying candy, the store is selling out.
The supply is getting low, so without a doubt,
The candy is harder to find.
Now, you're willing to pay more, so the store can raise the price.
When the demand is high, and the supply is low,
The price of a good or service goes up, you know?
But what happens when the ghouls and goblins go away?
After Halloween, the demand for candy isn't great.
Fewer people want to buy, so the candy piles up.
Now, the supply is high, and you know what?
They lower the price to get you to buy now.
When supply is high and demand is low, the price goes down.
So, thanks to supply and demand,
Cheap bags of candy are in both of my hands.

How much is available, that's supply!
And demand? How much people want to buy!

Supply and demand work hand in hand

To raise and lower the price of things, understand?

(x2)